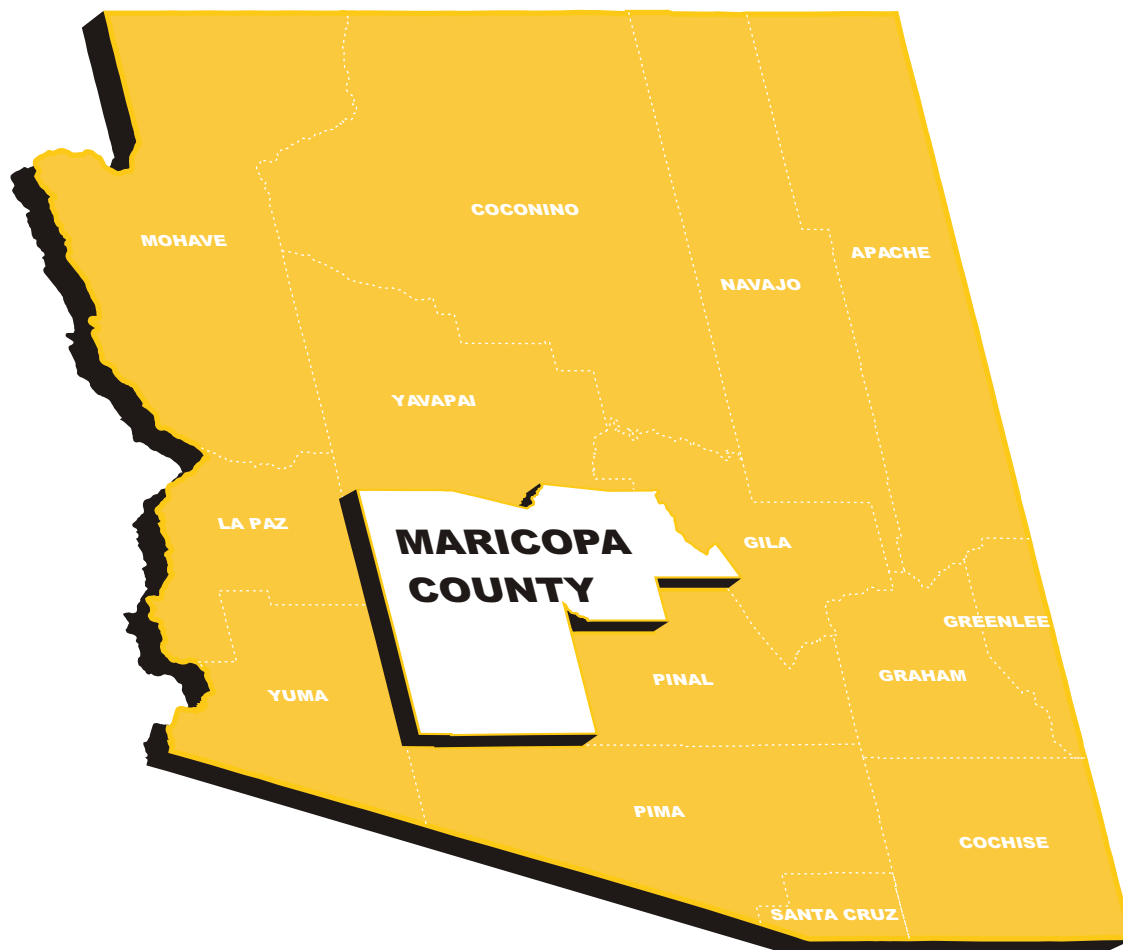


Risk Management Annual Report

Fiscal Year Ended June 30, 2006



Maricopa County, Arizona

www.maricopa.gov

**MARICOPA COUNTY
RISK MANAGEMENT ANNUAL REPORT
FISCAL YEAR 2005-06**

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RISK MANAGEMENT ANNUAL REPORT EXECUTIVE SUMMARY

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2005 through June 30, 2006.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's auto liability, auto physical damage, general liability, medical malpractice, property damage, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to County departments during the year, are intended to assist departments in recognizing the nature and extent of their losses, and to lead departments to consider implementation of effective loss control and prevention programs.

Structure and Mission

As of June 30, 2006, the Risk Management Department completed its **25th year** administering the County's self-insurance program. Risk Management's mission is to provide loss prevention and control programs and direction, insurance, environmental and claims management services to Maricopa County departments, districts, and Trust members to reduce or eliminate losses. Its vision is to be recognized as a leader, and to be relied upon for a Countywide risk management philosophy and culture. Risk Management's primary activities are:

- Risk consulting
- Insurance procurement above self-insured retention levels
- Maricopa County Self-Insured Trust Fund management and financing
- Administration and monitoring of third party administrators' adjusting of workers' compensation and unemployment claims
- Investigation and disposition of casualty and property claims and lawsuits
- Safety training, reporting, and compliance
- Loss control programs
- Environmental investigation, remediation, and reporting
- Contractual indemnification and insurance requirement language drafting and review

The Risk Management Department is divided into three operating divisions, Claims, Safety, and Environmental, and one Administration division. Highlights for each division are contained in this report. The Department strives to accomplish its mission with assistance and direction from the Maricopa County Board of Supervisors, the Maricopa County Self-Insured Trust Fund Board of Trustees, and the Office of the County Attorney. The Risk Manager reports to the Chief Financial Officer of Maricopa County.

Self-Insured Trust Fund

Arizona law (ARS § 11-981) authorizes Maricopa County to self-insure, procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both. Insurance (defined in Title 20 Arizona Revised Statutes) includes, but is not limited to, auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment insurance.

Upon establishment of a self-insurance program, Maricopa County is required to designate a Trust Administrator (Risk Manager), and establish a Trust. The Trust is funded by an allocation of funds from General Fund and Non-General Fund departments and Special Districts, or such other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

A Board of Trustees manages and directs the Trust's activities and affairs. Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Manager. During FY05-06, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Michael Liburdi
BOS District Two	Joel Sterrett
BOS District Three	Vacant
BOS District Four	David Tierney, Chairman
BOS District Five	Richard "Joe" Lugo
BOS Chairman	BOS Chairman
County Manager	Tom Manos

FY05-06 Results

Maricopa County enjoyed mixed results this fiscal year in the risk/exposure area. Total dollars paid plus open reserves were down 54.7% for this fiscal year compared to the prior fiscal year. However, the Cost of Risk increased. Risk Management's costs increased \$6,379,633 (28.9%), due primarily to significant increases in claim payments and legal expenses, resulting in the Cost of Risk (Risk Management's costs compared to total County and MIHS expenditures) coming in at an unacceptable 1.22%. (Note that the number of claims filed this fiscal year increased nearly 60%, from 941 to 1505. Part of the reason for this increase is a large number of almost identical inmate claims seeking money damages due to their conditions of confinement. Handling these claims together with the more normal increase in claims due to the population and County services increases will account for some of the significant increases in Risk Management's costs.) The County realized \$1,279,212 in net savings in FY05-06 through the use of in-network medical providers and a medical bill review service, and collected \$2,043,727 through subrogation, restitution, and deductible recovery efforts (the Claims and Environmental divisions, and our Third Party Administrator for Workers' Compensation). These mixed results need to be viewed in light of the County's growth in the number of people served within the County and the noted increase in number of claims filed.

Maricopa County continues to be one of the fastest growing counties in the nation with a population over 3.8 million. It is the 4th most populous County in the United States, larger in population than 21 states, and larger geographically than 7 states. The County continued to enjoy a significant growth rate in population. Such size and growth, while economically positive, has resulted in the noted increase in the number of claims. Risk Management's emphasis on responsible claim handling and a strong proactive loss prevention and safety program is designed to keep this increase to a minimum.

The number of Maricopa County and MIHS employees varies from month to month. For FY04-05 and FY05-06, the numbers of actual positions were 16,502 and 16,607, respectively. (Note that we are using "actual positions" not "actual budgeted positions" as we have used in the past.) Workers' compensation claims for FY04-05 and FY05-06 were 1075 and 1074, respectively. This reflects an increase in the number of positions of 0.6% over the previous fiscal year, and a decrease in the number of workers' compensation claims of 0.09% over this period.

Cost of Risk

Cost of Risk is a comparison of the County's expenditures of the risk management program to the County's overall expenditures in the fiscal year. The effectiveness of a risk management program can be reflected in this comparison since the cost of a risk management program includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expenses, against total County's expenditures. During the past three fiscal years, Cost of Risk for the County has increased from 0.91% to the present 1.22%. This reflects an unacceptable increase in this measure. Risk Management is committed to reducing this measure to below 1%.

	FY03-04	FY04-05	FY05-06
Claims and Premiums			
Auto Liability	\$305,267	\$333,947	\$565,241
General Liability	\$1,420,281	\$2,398,938	\$3,808,717
Medical Malpractice	\$482,400	\$1,318,214	\$3,439,084
Property/Auto Physical Damage	\$729,133	\$292,481	\$508,957
Workers' Compensation	\$4,570,705	\$4,064,099	\$3,857,860
Unemployment	\$801,973	\$776,861	\$776,128
Environmental Contingency	\$0	\$0	\$0
Premiums	\$3,931,045	\$4,191,010	\$4,370,784
Subtotal	\$12,240,804	\$13,375,550	\$17,326,771
Other Costs			
Legal Expenses	\$6,702,686	\$6,403,302	\$8,039,308
Broker Fees	\$130,000	\$145,000	\$93,488
Consulting and Mngt Fees	\$198,048	\$150,825	\$179,516
Claims Admin Fees	\$398,395	\$394,527	\$470,081
Administrative	\$1,789,538	\$1,586,192	\$2,325,865
Subtotal	\$9,218,667	\$8,679,846	\$11,108,258
Total Risk Management Costs	\$21,459,471	\$22,055,396	\$28,435,029
Total County Expenditures	\$2,351,591,257	\$2,353,876,507	\$2,322,075,397
TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES	0.91%	0.94%	1.22%

- Notes:
1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
 2. Amounts as valued on June 30, 2006, as reported in the Advantage Financial System.
 3. Total County Expenditures includes Maricopa County Special Health Care District (d/b/a MIHS) as reported in the MIHS Audited Financial Statements on June 30, 2006.

Acknowledgment

The Risk Management Department would like to thank the Maricopa County Board of Supervisors, Elected Officials, County Manager, Chief Financial Officer, Self-Insured Trust Fund Board of Trustees, County Attorney's Office, County departmental management, employees, and volunteers, for their demonstrated interest in reducing claims and lawsuits, and their commitment to safety.

Respectfully submitted,

Peter J. Crowley
Risk Manager

Bill Warren, Assistant Risk Manager, Safety Division
Ted Howard, Claims Manager
Samantha Wright-Sprague, Administration Manager
Rita Neill, Environmental Programs Manager
Michelle Black, Administrative/Insurance Coordinator
Jenny Durda, Information Specialist
and the entire Risk Management Staff

Notes: For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.

CLAIMS DIVISION

The Claims Division of Risk Management handles all property and liability claims filed against Maricopa County and its employees. The Division is staffed with five full time adjusters, a manager, and support staff. In addition to handling the claims described above, the Division oversees the adjustment of workers' compensation and unemployment claims by third party administrators. These claims are handled by Pinnacle Risk Services and Talx Employer Service.

Claims are investigated and evaluated, then either paid or denied on their merits. Litigated claims are assigned to either the County Attorney's Office or outside counsel. The Division works with assigned attorneys to obtain the most favorable result possible for the County. We are committed to settling claims owed at a fair and reasonable amount while defending claims without merit.

FY 05-06 Summary

New claims arising from events in FY05-06 continue to reflect an overall increase in the total number of new claims. Since FY02-03, the total number of new claims handled by the Claims Division has increased from 941 to 1505, or nearly 60%. Due to the efforts of the Claims Division, the County continues to realize substantial savings from its property, liability, and worker's compensation exposures. The Division is committed to work to further improve in these areas and help reduce the cost of risk to the taxpayers of Maricopa County.

In addition to handling claims, the Division provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY05-06, the Division collected \$2,043,726.96.
- Consultation services. We report to and consult with County departments on coverage issues, pending claims, and litigation. This is done as both an informational tool and as a means to find ways to reduce claims or exposures.
- Review and management of the third party administrator providing adjustment of workers' compensation claims for County employees. In addition to adjustment of these losses, Pinnacle Risk Services and its affiliated vendors also conduct bill reviews and monitor discounts available to the County for use of a PPO network. Between January 1, 2005 and December 31, 2005, the County realized a savings of \$1,279,212.20 from bill review and discounts.
- Review of indemnity and insurance language in County contracts.
- Oversee outside contractors providing automobile and property appraisal services, vehicle repair services, and structured settlement services to the County.
- Coordinate recovery for County agencies from our excess property and liability insurance policies.

SAFETY DIVISION

The establishment of a proactive safety management program continues to be crucial in reducing accidents and losses. The Safety Division of Risk Management continued to focus on our countywide initiative to ensure safety standard compliance and loss prevention organizationally. In comparing with our benchmark counties, Maricopa County continues to lead in accident prevention programs and practices (See chart below, Maricopa County paid \$124 per employee). Consulting with Agencies and Departments in establishing safety management systems as a core business function is fundamental in our approach to our loss prevention program.

In reviewing departmental safety performance, workers' compensation data this fiscal year, claims showed no significant increase or decrease over last year. (1075 claims in FY04-05, and 1074 claims in FY05-06, see page VI-3 of the statistics and coverage section). Workers' Compensation payments and reserves (see page VI-1 of the statistics and coverage section) were increased from \$2,981,614 in FY04-05 to \$3,636,363 in FY05-06, a \$654,749, or 21.9 percent, increase.

County	Employees	Claims	Paid	Paid per Employee
Maricopa	16,607	1,074	\$2,060,142	\$124
Multnomah	5,700	247	\$1,114,102	\$195
Pima	6,391	582	\$2,054,521	\$321
Clark	14,156	669	\$6,072,859	\$429
Fairfax	15,112	1,478	\$7,566,092	\$501
San Diego	19,412	1,509	\$18,260,186	\$941
San Bernardino	20,774	1,578	\$19,550,389	\$941
Orange	19,705	1,530	\$25,651,448	\$1,302

As of June 30, 2006, not including reserves.

Working to improve workplace safety and ensure OSHA compliance, the Division:

- Received the 2006 Showcase in Excellence Award from the Arizona State Quality Alliance for the accredited Roadbuilder Equipment Training Program.
- Conducted a countywide, four-day Employee Safety Fair and Equipment ROADEO, with 600 employees participating in 61 Safety Classes, along with events testing operator skills and knowledge of equipment operations.
- Conducted one OSHA 30-hour Construction Industry and 260 Safety training courses to enhance employee safety knowledge.

Safety is a total team effort! As Maricopa County continues to develop its future strategies in safety management systems, it is necessary that each level of management must take a greater role in safety development. Management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices.

ENVIRONMENTAL DIVISION

The Environmental Division of Risk Management conducts remedial investigations and takes action to minimize County environmental liability as determined by law, regulation, statute, and/or court order. The Division provides leadership in the area of pollution prevention and environmental management, and has developed a proactive assessment and action process that mitigates environmental liabilities, saving the County in the cost of remedial action and regulatory penalties. Possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96, to approximately \$38 million for FY05-06.

This fiscal year the Division:

- Recovered \$25,722 from the State of Arizona's Department of Environmental Quality for actions related to a former leaking underground storage tank (UST) at Towers Jail and for assessment of an orphan UST. Also recovered \$6,060 from responsible party for damage to vapor monitoring wells at a former County landfill.
- Completed Phase I and II environmental characterizations for 2 former landfills – Rainbow Valley and Morristown.
- Completed a study of the vapor collection system at the New Cave Creek Landfill. Continued groundwater monitoring at the site.
- Completed remediation of burn pits and burn bin area at the MCSO Surprise Shooting Range.
- Completed Phase II environmental assessment of Buckeye Hills shooting range.
- Completed Phase I environmental assessments for 8 facilities. Completed assessments for indoor air quality, asbestos, and mold at 7 additional facilities.
- Assisted Real Estate, MCSO, MCDOT, and Air Quality in preparing Requests for Proposals for environmental studies, indoor air quality, asbestos surveys, and air permit reviews.
- Continued environmental monitoring of a former County landfill. Installed passive landfill gas vents at the site.
- Continued to provide sound environmental compliance information to requesting departments.

The Division recognizes that environmental risks are capable of being managed through risk control and prevention measures. These measures include separation of hazardous materials, effective pollution prevention and loss control techniques, redundant controls and safety mechanisms, double and triple containment of tanks and flow tubes, emergency response plans, and effective training of employees. The Division will continue to seek to implement these measures.

ADMINISTRATIVE DIVISION

The Administrative Division is responsible for procuring the insurance policies above the County's self-insured retention, providing certificates of insurance to County departments, preparing the annual user charges for services, preparing the annual budget and financial statements for the Trust, and providing administrative support to the other divisions within the department. Included in this report is a comparison of the assets and liabilities of the Trust over a three-year period, the trend of the current insurance market, a budget summary, and the financial statements through fiscal year ended June 30, 2006.

Self-Insured Trust Fund Combined Balance Sheet Comparison FY03-04, FY04-05, and FY05-06

	<u>FY03-04</u>	<u>FY04-05</u>	<u>FY05-06</u>
Assets	\$34,064,513	\$39,013,788	\$36,624,674
Liabilities	\$43,488,963	\$51,716,639	\$57,458,078
Net assets (deficit)	(\$ 9,424,450)	(\$12,702,851)	(\$20,833,404)

During the FY03-04 through FY05-06 period, the Trust's assets increased \$2,560,161, or 7.51%, from \$34,064,513 to \$36,624,674. During the same period, the Trust's liabilities increased \$13,969,115, or 32.12%, from \$43,488,963 to \$57,458,078. Net assets (deficits) are a result of a spend down of the self-insured trust fund in a prior period, where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments. FY05-06 balance sheet details are provided in the financial section. The Trust began billing user departments for the full costs of claims and insurance in FY99-00.

Insurance Policies

Risk Management continues to analyze current insurance market trends. It is expected that insurance premiums in all lines of coverage will increase somewhat, but the "hard" market of the last few years may be abating. It is projected that potential increases in annual premium costs will not be as great as in the past years. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect Maricopa County.

At the close of this fiscal year, the County's major insurance policies are as follows:

<u>Coverage</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Deductible/SIR</u>
General Liability (Excess liability)	3-1-06/3-1-07	\$5 million \$25 million	\$5 million SIR
Medical Malpractice (Excess liability)	12-4-05/12-4-06	\$15 million \$10 million	\$5 million SIR

Workers' Compensation	7-1-05/7-1-06	\$25 million	\$1 million SIR
Property Damage	7-1-05/7-1-06	\$250 million	\$100,000 per occ.

Budget Summary

The expenditure budget for the Risk Management Department for FY05-06 was \$28,262,920. Of this amount, \$1,547,021 was for personnel costs, \$270,217 was for supplies and services, \$26,443 was for capital equipment and \$26,419,239 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 93.47% of Risk Management's budget is for insurance, legal, and claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY05-06 was \$23,116,120. Of this amount, \$22,591,120 was from user charges and \$525,000 was from interest earnings. On a percentage basis, 97.72% of the revenue is from user charges. These user charges are based on actuarially estimated claims payments and insurance projections for what the Risk Management Department will pay out on behalf of County departments.

Financial Statements

The financial statements presented in this section have been audited by the State of Arizona, Office of the Auditor General, and are included in the *Maricopa County Comprehensive Annual Financial Report* (CAFR) and the *Risk Management and Employee Benefits Trust Report on Audit of Financial Statements* for FY05-06.

The actual expenditures for the Risk Management Department for FY05-06 were \$33,860,871. Of this amount, \$1,416,533 was for personnel costs, \$254,180 was for supplies and services, \$10,360 was for capital equipment and \$32,179,798 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 95.00% of Risk Management's actual expenditures are for insurance, legal, and claims and claims related expenditures.

The actual revenue for the Risk Management Department for FY05-06 was \$25,730,318. Of this amount, \$22,460,153 was from user charges, \$2,196,671 was from other income, and \$1,073,671 was from interest earnings. On a percentage basis, 87.29% of the revenue was from user charges.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Net Assets—Internal Service Funds
June 30, 2006

	<u>Risk Management</u>	<u>Employee Benefits</u>
Assets		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 33,830,392	
Environmental insurance claims recovery	825,891	
Employee benefits		\$ 28,960,489
Interest receivable	194,967	144,586
Accounts receivable		2,110,638
Prepaid insurance	1,750,717	254,304
Total current assets	<u>36,601,967</u>	<u>31,470,017</u>
Noncurrent assets:		
Machinery and equipment	86,951	
Less: accumulated depreciation	64,244	
Total noncurrent assets	<u>22,707</u>	
Total assets	<u>36,624,674</u>	<u>31,470,017</u>
Liabilities		
Current liabilities:		
Accounts payable	1,413,609	538,047
Employee compensation payable	128,076	
RBUC and IBNR claims	23,068,119	3,371,985
Total current liabilities	<u>24,609,804</u>	<u>3,910,032</u>
Noncurrent liabilities:		
RBUC and IBNR claims	32,848,274	
Total noncurrent liabilities	<u>32,848,274</u>	
Total liabilities	<u>57,458,078</u>	<u>3,910,032</u>
Net Assets		
Invested in capital assets	22,707	
Unrestricted (deficit)	(20,856,111)	27,559,985
Total net assets (deficit)	<u>\$ (20,833,404)</u>	<u>\$ 27,559,985</u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2006

	Risk Management	Employee Benefits
Operating revenues:		
Charges for services	\$ 22,460,153	
County and employee premiums		\$ 33,387,921
Other income	2,196,494	29,372
Total operating revenues	24,656,647	33,417,293
Operating expenses:		
Personal services	1,416,533	
Supplies and services	254,180	
Accounting and auditing fees	10,998	
Actuary fees	40,241	
Consulting and management fees	179,516	
Brokers' fees	93,488	
Claims administration service fees	470,081	1,521,461
Legal expenses	8,039,308	
Workers' compensation taxes	593,553	
Claims and insurance:		
Auto liability claims paid	565,241	
Auto liability RBUC and IBNR claims decrease in estimate	(66,792)	
Total auto liability	<u>498,449</u>	
General liability claims paid	3,808,717	
General liability RBUC and IBNR claims increase in estimate	4,706,025	
Total general liability	<u>8,514,742</u>	
Workers' compensation claims paid	3,857,860	
Workers' compensation RBUC and IBNR claims decrease in estimate	(342,501)	
Total workers' compensation	<u>3,515,359</u>	
Medical malpractice claims paid	3,439,084	
Medical malpractice RBUC and IBNR claims increase in estimate	795,052	
Total medical malpractice	<u>4,234,136</u>	
Auto physical damage claims paid	316,355	
Auto physical damage RBUC increase in estimate	59,407	
Total auto physical damage	<u>375,762</u>	
Property claims paid	192,602	
Property claims RBUC increase in estimate	274,651	
Total property	<u>467,253</u>	
Pharmacy claims paid		12,737,188
Pharmacy IBNR claims increase in estimate		990,265
Total pharmacy		<u>13,727,453</u>
Medical claims paid		8,506,138
Medical RBUC and IBNR claims decrease in estimate		(1,522,000)
Total medical		<u>6,984,138</u>

See accompanying notes to financial statements.

(Continued)

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2006
(Continued)

	Risk Management	Employee Benefits
Dental claims paid		\$ 3,924,648
Dental IBNR claims decrease in estimate		(188,000)
Total dental		<u>3,736,648</u>
Short-term disability claims paid		1,926,039
Short-term disability IBNR claims increase in estimate		10,785
Total short-term disability		<u>1,936,824</u>
Wellness incentives paid		56,326
Total wellness		<u>56,326</u>
External prosthetics appliances claims paid		5,484
Total general medical		<u>5,484</u>
Unemployment claims	\$ 776,128	
General liability insurance premiums	1,566,255	
Workers' compensation insurance premiums	547,869	
Crime insurance premiums	31,656	
Property insurance premiums	745,847	
Malpractice insurance premiums	1,479,157	
Stop loss insurance premiums		60,767
Depreciation	10,360	
Total operating expenses	<u>33,860,871</u>	<u>28,029,101</u>
Operating income (loss)	(9,204,224)	5,388,192
Nonoperating revenues:		
Investment income	1,073,671	685,209
Total nonoperating revenues	<u>1,073,671</u>	<u>685,209</u>
Increase (decrease) in net assets	(8,130,553)	6,073,401
Total net assets (deficit), July 1, 2005	<u>(12,702,851)</u>	<u>21,486,584</u>
Total net assets (deficit), June 30, 2006	<u><u>\$ (20,833,404)</u></u>	<u><u>\$ 27,559,985</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Cash Flows—Internal Service Funds
Year Ended June 30, 2006

	<u>Risk Management</u>	<u>Employee Benefits</u>
Cash flows from operating activities:		
Receipts from other funds	\$ 22,460,153	\$ 33,998,087
Other receipts	2,196,494	948,935
Payments for fees, supplies, and services	(9,385,617)	(1,521,461)
Payments for insurance claims	(12,955,987)	(27,528,850)
Payments for insurance premiums	(4,316,744)	(60,767)
Payments to employees	(1,396,684)	
Net cash provided by (used for) operating activities	<u>(3,398,385)</u>	<u>5,835,944</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	<u>(15,521)</u>	
Cash flows from investing activities:		
Interest received on investments	<u>1,050,798</u>	<u>602,696</u>
Net increase (decrease) in cash and cash equivalents	(2,363,108)	6,438,640
Cash and cash equivalents, July 1, 2005	<u>37,019,391</u>	<u>22,521,849</u>
Cash and cash equivalents, June 30, 2006	<u><u>\$34,656,283</u></u>	<u><u>\$ 28,960,489</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (9,204,224)	\$ 5,388,192
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	10,360	
Net change in RBUC and IBNR claims, noncurrent portion	2,507,670	
Changes in assets and liabilities:		
Increase in:		
Accounts payable	295,748	
Employee compensation payable	19,849	
RBUC and IBNR claims, current portion	2,918,172	
Decrease in:		
Accounts receivable		610,166
Prepaid insurance	54,040	919,563
Accounts payable		(63,080)
Unearned revenue		(309,947)
RBUC and IBNR claims, current portion		(708,950)
Net cash provided by (used for) operating activities	<u><u>\$ (3,398,385)</u></u>	<u><u>\$ 5,835,944</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT TRUST FUND
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Fund
Budget and Actual
Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services	\$ 16,551,461	\$ 16,420,494	\$ (130,967)
Intergovernmental charges	6,039,659	6,039,659	(0)
Insurance recoveries	0	2,196,494	2,196,494
Total operating revenues	<u>22,591,120</u>	<u>24,656,647</u>	<u>2,065,527</u>
Operating expenses:			
Personal services	1,547,021	1,416,533	(130,488)
Supplies and services	296,660	254,180	(42,480)
Accounting and auditing fees	14,000	10,998	(3,002)
Actuary fees	46,000	40,241	(5,759)
Consulting and management fees	400,000	179,516	(220,484)
Brokers' fees	145,000	93,488	(51,512)
Claims administration service fees	286,000	470,081	184,081
Legal expenses	7,010,581	8,039,308	1,028,727
Workers' compensation taxes	593,553	593,553	(0)
Total auto liability	339,570	498,449	158,879
Total general liability	3,896,122	8,514,742	4,618,620
Total workers' compensation	4,410,175	3,515,359	(894,816)
Total medical malpractice	3,488,358	4,234,136	745,778
Total auto physical damage	446,617	375,762	(70,855)
Total property	220,181	467,253	247,072
Unemployment claims	800,000	776,128	(23,872)
General liability insurance premiums	1,524,758	1,566,255	41,497
Workers' compensation insurance premiums	444,146	547,869	103,723
Crime insurance premiums	38,000	31,656	(6,344)
Property insurance premiums	786,175	745,847	(40,328)
Malpractice insurance premiums	1,530,000	1,479,157	(50,843)
Depreciation	0	10,360	10,360
Total operating expenses	<u>28,262,920</u>	<u>33,860,871</u>	<u>5,597,954</u>
Operating loss		(9,204,224)	
Nonoperating revenues:			
Investment income	525,000	1,073,671	548,671
Total nonoperating revenues	<u>525,000</u>	<u>1,073,671</u>	<u>548,671</u>
Decrease in net assets		(8,130,553)	
Total net deficit, July 1, 2005		<u>(12,702,851)</u>	
Total net deficit, June 30, 2006		<u>\$ (20,833,404)</u>	

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

NOTE 1 - Summary of Significant Accounting Policies

The County, in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund and declares itself self-insured. For financial statement presentation purposes, the Self-insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds) and all monies held in these Funds are considered unrestricted. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The Maricopa County *Comprehensive Annual Financial Report* for the year ended June 30, 2006, will report the Funds as governmental activities on the government-wide financial statements since they predominantly service the County's governmental funds. A summary of the Funds' more significant accounting policies follows.

A. Reporting Entity

The Funds are accounted for as internal service funds of Maricopa County, Arizona, under the direction of an administrator appointed by the County Board of Supervisors. In addition, the Funds are administered by no less than six joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (pharmacy, medical, dental, short-term disability, medical incentives, and wellness incentives) to eligible employees and their dependents.

B. Fund Accounting

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Funds' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, revenues, and expenses.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises. The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Presentation and Accounting

The financial statements include statements of net assets; statements of revenues, expenses, and changes in fund net assets; and statements of cash flows.

The statements of net assets provide information about the assets, liabilities, and net assets of the Funds at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to the availability of assets to satisfy the Funds' obligations. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets represent the balance of monies held in the Funds.

The statements of revenues, expenses, and changes in fund net assets provide information about the Funds' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Generally, charges for services and insurance premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, administrative expenses, and depreciation on capital assets are considered to be operating expenses.

The statements of cash flows provide information about the Funds' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

The Funds apply only those applicable Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The Funds have chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Funds consider cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

E. Machinery and Equipment

Machinery and equipment are capitalized at cost. Depreciation of machinery and equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of machinery and equipment range from 3 to 10 years.

F. Employee Compensation Payable

Employee compensation payable consists of payroll and payroll-related costs incurred but not paid at June 30, and personal time off (PTO) earned by employees based on services already rendered. Employees may accumulate up to 240 hours of PTO, but any PTO hours in excess of the maximum amount that are unused at calendar year-end will be transferred to family medical leave (FML). FML benefits are used by employees for FML-qualifying events and are cumulative but do not vest with employees and, therefore, are not accrued. However, upon retirement, employees of the Funds with accumulated FML in excess of 1,000 hours are entitled to a \$3,000 bonus. The amount of such bonuses is accrued in the liability for employee compensation payable.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

NOTE 2 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the Funds to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Deposits—At June 30, 2006, the carrying amount of the Funds' deposits was \$12,396,972, and the bank balance was \$12,126,793. The Funds follow the County's policies requiring collateralization of all deposits by at least 101% of the deposits not covered by depository insurance. At a minimum, the collateral is to be held by the pledging financial institution or its agent, but does not have to be held in the County's name.

At June 30, 2006, \$11,066,384 of the Funds' bank balance was uninsured and uncollateralized. The deposits pertain totally to the Employee Benefits Trust Fund.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

Investments—The Funds’ investments at June 30, 2006, consisted of monies invested in the Maricopa County Treasurer’s Investment Pool. The Funds’ investments in the pool represent a portion of the County Treasurer’s pool portfolio. There is no oversight provided for the County Treasurer’s investment pool, and the pool’s structure does not provide for shares. The Funds’ portion in the pool is not identified with specific investments.

Credit Risk—The Funds follow the County’s policy to preserve the principal value and the interest income of an investment. The County can invest in obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities. The County can also invest in commercial paper and corporate bonds with ratings that meet the statutory requirements specified above. At June 30, 2006, the Funds’ investments consisted of monies invested in the Maricopa County Treasurer’s Investment Pool which is unrated.

Interest rate risk—It is the County’s policy to hold investments to maturity, where practical, and avoid any loss on investments resulting from an early sale or retirement of an investment. Additionally, securities should be invested for a shorter duration, where applicable. At June 30, 2006, the Funds had investments of \$51,219,700 in the Maricopa County Treasurer’s Investment Pool with a weighted average maturity of 287 days.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:	
Cash on hand	\$ 100
Amount of deposits	12,396,972
County Treasurer’s Investment Pool	<u>51,219,700</u>
Total	<u>\$63,616,772</u>

NOTE 3 - Liabilities for Unpaid Claims

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but unpaid (RBUC), and of claims that have been incurred but not reported (IBNR).

The County is liable for any single claim up to the insurance deductible or self-insurance retention (SIR), whichever is applicable, and the excess over insurance limits.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

The following insurance deductibles, self-insurance retentions, and insurance limits were in effect during fiscal year 2005-06:

<u>Policy Type</u>	<u>Deductible</u>	<u>SIR</u>	<u>Limit</u>
General and auto liability		\$ 5,000,000	\$ 5,000,000
Excess general and auto liability		primary	25,000,000
Property/inland marine	\$ 100,000		250,000,000
Excess property	primary		50,000,000
Boiler and machinery	100,000		50,000,000
Earthquake	100,000		100,000,000
Flood zones except A and V	500,000		25,000,000
Flood zone A and V	500,000		10,000,000
Difference in conditions	primary		80,000,000
Employee theft	100,000		10,000,000
Faithful performance of duty	100,000		1,000,000
Theft and robbery	10,000		1,000,000
Computer and wire transfer fraud	100,000		10,000,000
Forgery alteration/property	10,000		1,000,000
Workers' compensation		1,000,000	25,000,000
Employer's liability			1,000,000
Medical malpractice		5,000,000	15,000,000
Excess medical malpractice		primary	10,000,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past 3 years.

Risk Management Trust Fund

Liabilities for unpaid claims are estimates of the ultimate cost of claims that include the insurance deductible, the SIR, and the excess over insurance limits. The estimates are determined by an independent actuary using the following actuarial methods: reported loss development, paid loss development, Bornhuetter-Ferguson reported loss and paid loss, frequency times severity, expected loss, incremental paid-workers' compensation, paid allocated loss adjustment expense to paid loss development-automobile liability, and tail liability for medical malpractice. Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RBUC), which represent the estimated liability on reported claims established by the Risk Management department and

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported. Therefore, IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 4.25 percent annual rate of return on investments.

The total liabilities reported at June 30, 2006, categorized by insurable area follow:

	<u>Total Liabilities</u>
Auto liability	\$ 799,735
General liability	30,479,529
Workers' compensation	9,701,819
Medical malpractice	14,153,666
Auto physical damage	225,691
Property	555,953
Total	<u>\$ 55,916,393</u>

The total estimates of unpaid claim liabilities of \$55,916,393 at June 30, 2006, increased by \$5,425,842 from last year's balance of \$50,490,551. The areas that significantly increased were general liability and medical malpractice.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<u>Balance</u>	<u>Current-Year</u>	<u>Claims</u>	<u>Balance</u>
	<u>July 1</u>	<u>Claims and</u>	<u>Payments</u>	<u>June 30</u>
		<u>Changes in</u>		
		<u>Estimates</u>		
2003-04	\$ 41,047,771	\$ 8,992,628	\$ (7,507,786)	\$ 42,532,613
2004-05	42,532,613	15,923,337	(7,965,399)	50,490,551
2005-06	50,490,551	17,605,701	(12,179,859)	55,916,393

Of these liabilities, \$23,068,119 were actuarially estimated to be paid within the next 12 months.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

Employee Benefits Trust Fund

The liability for pharmacy (Coinsurance Plan), medical, dental, and short-term disability claims as shown below is based on the fiscal year 2005-06 actuarial reports. The Consumer Choice Plan portion of the liability for pharmacy is based on the unused portion of the members' pharmacy accounts administered by Walgreens Health Initiatives. The liability for medical incentives as shown below is based on the contract with CIGNA HealthCare.

Accrued liabilities at June 30, 2006, for each insurable area follow:

Pharmacy	\$ 1,682,985
Medical	595,000
Dental	267,000
Short-term disability	227,000
Medical incentives	600,000
Total	<u>\$ 3,371,985</u>

Changes in the liabilities for unpaid pharmacy, medical, dental, short-term disability, and medical incentives claims follow:

	Balance	Current-Year		Balance
	<u>July 1</u>	Claims and		<u>June 30</u>
		<u>Changes in</u>	<u>Claims</u>	
		<u>Estimates</u>	<u>Payments</u>	
2003-04	\$ 2,446,904	\$ 24,840,807	\$ (22,148,561)	\$ 5,139,150
2004-05	5,139,150	33,271,440	(34,329,655)	4,080,935
2005-06	4,080,935	26,446,873	(27,155,823)	3,371,985

It is estimated that the June 30, 2006, liabilities balance of \$3,371,985 will be paid within the next 12 months.

NOTE 4 - Net Assets Deficit

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1995-96 through 1998-99. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for those years. This resulted in a total net assets deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, Risk Management implemented a funding plan that calls for the fiscal

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2006

year ending cash balance to equal the next year's estimated claims and claims related expenses. As of June 30, 2006, the total net assets deficit has been reduced to \$20,833,404.

NOTE 5 - Letter of Credit

On July 1, 2005, the County renewed its workers' compensation insurance with a self-insured retention of \$1,000,000. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$8.0 million with a financial institution to cover unfunded workers' compensation claims. During fiscal year 2005-06, the letter of credit had not been drawn upon. The letter of credit was renewed to July 1, 2007 for \$9.7 million.

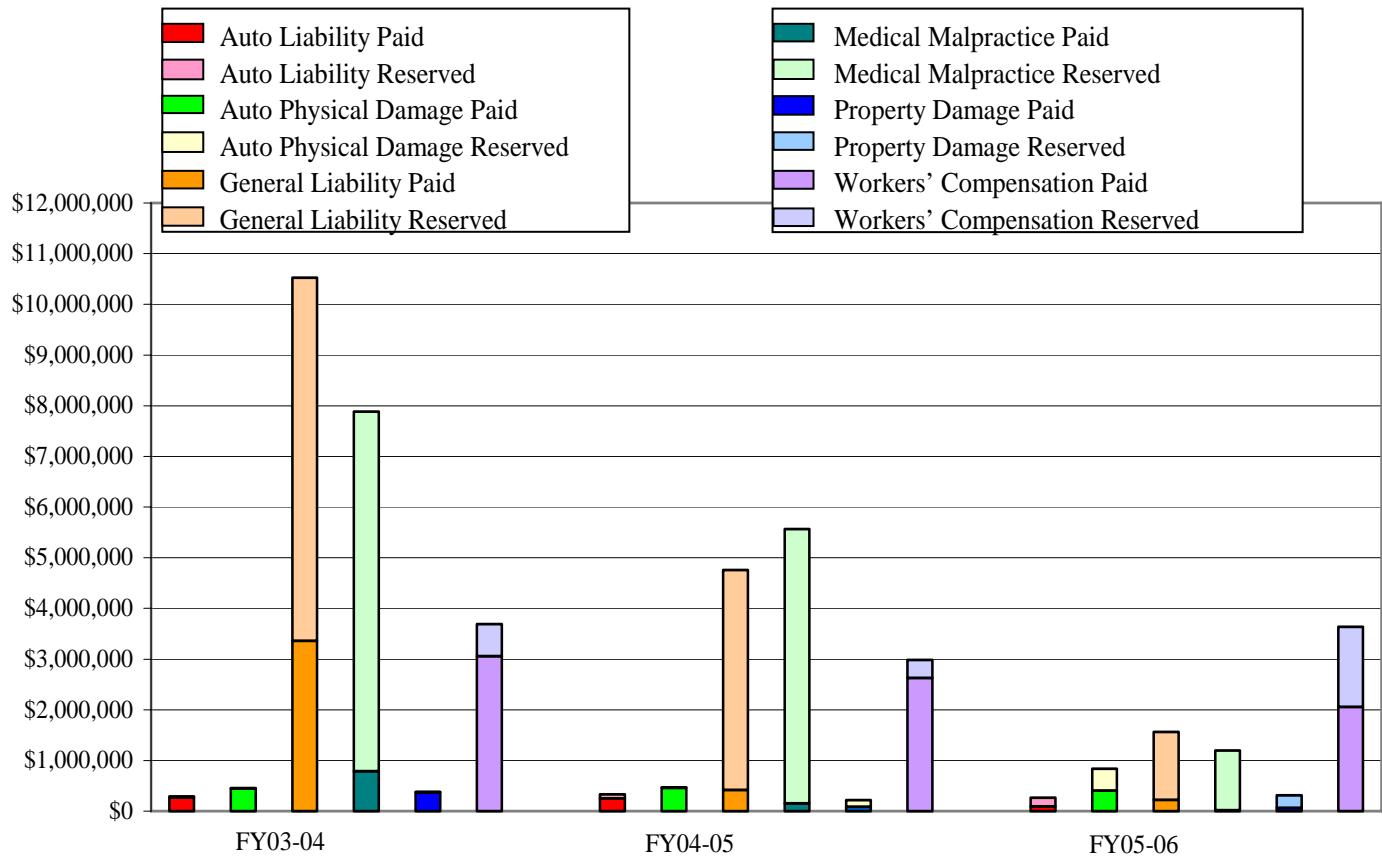
NOTE 6 - Retirement Plan

Plan Description—The Risk Management Fund contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Risk Management Fund's contribution rates. For the year ended June 30, 2006, active plan members and the Risk Management Fund were each required by statute to contribute at the actuarially determined rate of 7.4 percent (6.9 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Risk Management Fund's contributions to the System for the years ended June 30, 2006, 2005, and 2004 were \$80,395, \$56,705, and \$54,687, respectively, which were equal to the required contributions for the year.

TOTAL COST SUMMARY FY03-04 TO FY05-06



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Workers' Compensation	Total
FY 03-04	\$ Paid	\$269,723	\$450,494	\$3,365,503	\$787,310	\$371,387	\$3,055,354	\$8,299,771
	Open Reserves	\$24,978	\$3,627	\$7,158,977	\$7,096,480	\$11,750	\$635,782	\$14,931,594
	Total Incurred ⁵	\$294,701	\$277,161	\$10,524,117	\$7,883,790	\$380,276	\$3,691,136	\$23,051,181
FY 04-05	\$ Paid	\$248,232	\$461,183	\$424,546	\$159,109	\$91,126	\$2,628,194	\$4,012,390
	Open Reserves	\$85,243	\$5,244	\$4,332,723	\$5,409,045	\$129,200	\$353,420	\$10,314,875
	Total Incurred ⁵	\$332,789	\$309,664	\$4,757,269	\$5,568,154	\$211,047	\$2,981,614	\$14,160,537
FY 05-06	\$ Paid	\$93,356	\$407,069	\$223,417	\$23,782	\$64,624	\$2,060,142	\$2,872,390
	Open Reserves	\$168,521	\$425,359	\$1,342,080	\$1,174,101	\$249,301	\$1,576,221	\$4,935,583
	Total Incurred ⁵	\$261,877	\$781,175	\$1,564,498	\$1,197,883	\$313,925	\$3,636,363	\$7,755,721

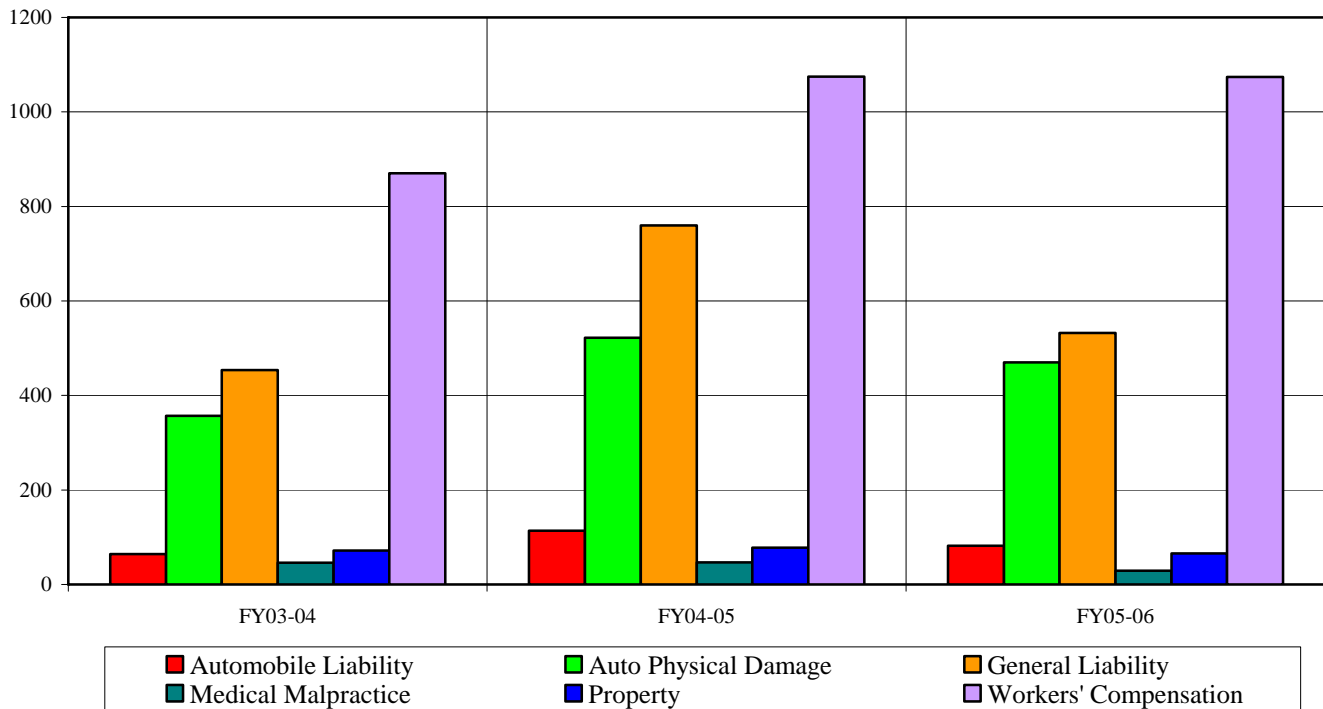
- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2006, as reported by the Pinnacle system.
 4. Unemployment not included.
 5. Total Incurred = \$ Paid plus Open Reserves, minus Total Recoveries.

**TOTAL CLAIMS SUMMARY TABLE
FY03-04 TO FY05-06**

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	58	\$91,482	72	\$150,419	58	\$641,401
AIR QUALITY	10	\$30,296	12	\$3,805	3	\$100
ANIMAL CONTROL	50	\$29,913	81	\$69,372	94	\$139,058
ASSESSOR	10	\$19,389	11	\$33,361	12	\$8,301
CLERK OF THE SUPERIOR COURT	21	\$27,704	23	\$31,839	19	\$12,250
CONSTABLES	11	\$45,296	9	\$1,399	5	\$2,100
CORRECTIONAL HEALTH	40	\$72,574	51	\$184,224	29	\$9,725
COUNTY ATTORNEY	48	\$265,738	45	\$76,219	39	\$19,337
ELECTIONS	24	\$39,787	19	\$8,541	1	\$0
ENVIRONMENTAL SERVICES	22	\$34,724	46	\$63,467	61	\$51,171
EQUIPMENT SERVICES	10	\$6,341	10	\$13,314	10	\$24,670
FACILITIES MANAGEMENT	29	\$119,531	43	\$93,503	32	\$29,856
FLOOD CONTROL	51	\$119,464	33	\$154,658	43	\$14,772
HEALTH CARE DISTRICT	310	\$1,605,856	308	\$651,131	261	\$416,871
HUMAN SERVICES	55	\$103,552	75	\$107,332	39	\$71,573
JUVENILE PROBATION	41	\$109,238	47	\$74,831	53	\$26,846
LIBRARY	8	\$7,719	2	\$326	3	\$210
MEDICAL EXAMINER	18	\$12,447	19	\$21,732	13	\$15,367
PARKS & RECREATION	21	\$34,918	30	\$51,091	25	\$24,876
PUBLIC DEFENDER	23	\$147,233	12	\$6,261	16	\$23,051
PUBLIC HEALTH	44	\$38,613	47	\$91,253	51	\$31,548
SHERIFF	689	\$3,100,948	1160	\$1,541,811	1073	\$969,684
TRANSPORTATION	165	\$462,532	290	\$363,033	171	\$238,867
TRIAL COURTS	49	\$54,794	43	\$80,131	43	\$42,403
ALL OTHERS	56	\$1,719,682	109	\$139,337	102	\$58,353
TOTALS	1863	\$8,299,771	2597	\$4,012,390	2256	\$2,872,390

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system, the Advantage Financial System, or the Pinnacle system.

TOTAL NUMBER OF CLAIMS SUMMARY FY03-04 TO FY05-06



	FY03-04	FY04-05	FY05-06
Automobile Liability	64	114	82
Auto Physical Damage	357	522	470
General Liability	454	761	535
Medical Malpractice	46	47	29
Property	72	78	66
Workers' Compensation	870	1075	1074
TOTAL	1863	2597	2256

- Notes:
1. Number of claims paid represents the amount of claims for the year in which the event occurred.
 2. Amounts as valued on June 30, 2006, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2006, as reported by the Pinnacle System.
 3. Unemployment not included.

AUTO LIABILITY LOSS SUMMARY
FY03-04 TO FY05-06

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$0	3	\$0	1	\$2,230
AIR QUALITY	1	\$556	2	\$1,279	0	\$0
ANIMAL CONTROL	2	\$9,744	3	\$14,173	5	\$14,171
BUSINESS COMMUNICATION TECH	0	\$0	1	\$1,438	1	\$8,162
CONSTABLES	2	\$33,203	1	\$0	1	\$2,100
COUNTY ATTORNEY	0	\$0	1	\$2,439	2	\$0
ELECTIONS	0	\$0	6	\$3,732	0	\$0
ENVIRONMENTAL SERVICES	0	\$0	5	\$32,239	6	\$2,000
EQUIPMENT SERVICES	1	\$1,750	0	\$0	0	\$0
FACILITIES MANAGEMENT	1	\$1,226	2	\$3,857	2	\$5,531
FLOOD CONTROL	2	\$3,579	4	\$10,470	2	\$854
HEALTH CARE DISTRICT	2	\$5,209	7	\$41,769	4	\$6,756
HUMAN SERVICES	3	\$17,546	6	\$8,957	6	\$0
MEDICAL EXAMINER	1	\$394	3	\$14,741	0	\$0
PARKS & RECREATION	0	\$0	2	\$4,970	1	\$0
PLANNING & DEVELOPMENT	0	\$0	1	\$2,521	2	\$2,003
PUBLIC DEFENDER	1	\$1,517	0	\$0	0	\$0
PUBLIC HEALTH	0	\$0	1	\$1,839	0	\$0
RISK MANAGEMENT	0	\$0	0	\$0	2	\$0
SHERIFF	40	\$190,435	43	\$69,120	40	\$45,139
SOLID WASTE MANAGEMENT	0	\$0	2	\$74	0	\$0
TRANSPORTATION	6	\$4,564	21	\$34,614	7	\$4,410
TRIAL COURTS	1	\$0	0	\$0	0	\$0
TOTALS	64	\$269,723	114	\$248,232	82	\$93,356

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system.

**AUTO PHYSICAL DAMAGE LOSS SUMMARY
FY03-04 TO FY05-06**

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	6	\$15,320	18	\$38,827	18	\$10,490
AIR QUALITY	5	\$481	7	\$2,526	2	\$0
ANIMAL CONTROL	8	\$2,741	15	\$4,396	23	\$3,057
BUSINESS COMMUNICATION TECH	1	\$8,966	2	\$427	2	\$0
CLERK OF THE SUPERIOR COURT	2	\$1,285	1	\$1,644	1	\$0
CONSTABLES	5	\$5,410	7	\$85	4	\$0
COUNTY ATTORNEY	5	\$13,790	13	\$8,484	10	\$5,786
EMERGENCY MANAGEMENT	1	\$687	0	\$0	0	\$0
ENVIRONMENTAL SERVICES	6	\$6,593	28	\$12,552	23	\$26,644
EQUIPMENT SERVICES	3	\$1,060	0	\$0	0	\$0
FACILITIES MANAGEMENT	4	\$6,899	11	\$7,680	11	\$4,780
FLOOD CONTROL	22	\$14,497	11	\$6,946	26	\$8,653
HEALTH CARE DISTRICT	15	\$4,066	18	\$8,726	9	\$8,991
HUMAN SERVICES	18	\$23,638	27	\$22,593	13	\$36,410
LEGAL DEFENDER	1	\$2,476	1	\$1,021	0	\$0
LIBRARY	3	\$1,274	2	\$326	1	\$0
MEDICAL EXAMINER	4	\$3,625	5	\$1,938	0	\$0
PARKS & RECREATION	4	\$4,069	12	\$2,693	13	\$5,133
PLANNING & DEVELOPMENT	3	\$2,083	7	\$15,026	9	\$1,494
PUBLIC FIDUCIARY	0	\$0	1	\$2,665	0	\$0
PUBLIC HEALTH	13	\$8,752	11	\$500	7	\$494
SHERIFF	184	\$242,908	257	\$237,405	237	\$227,328
SOLID WASTE MANAGEMENT	1	\$1,493	4	\$0	1	\$8,656
TRANSPORTATION	29	\$71,281	50	\$81,355	47	\$47,674
TRIAL COURTS	9	\$6,269	4	\$3,188	4	\$11,309
ALL OTHERS	5	\$831	10	\$180	9	\$170
TOTALS	357	\$450,494	522	\$461,183	470	\$407,069

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system.

GENERAL LIABILITY LOSS SUMMARY
FY03-04 TO FY05-06

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	6	\$0	5	\$0	4	\$0
ALTCS	2	\$0	0	\$0	0	\$0
ANIMAL CONTROL	11	\$3,200	16	\$6,503	14	\$138
ASSESSOR	2	\$0	1	\$0	1	\$0
BOARD OF SUPERVISORS	2	\$1,533,383	1	\$0	0	\$0
CORRECTIONAL HEALTH	7	\$31,946	5	\$0	4	\$0
COUNTY ATTORNEY	23	\$232,231	5	\$0	8	\$0
ENVIRONMENTAL SERVICES	2	\$0	2	\$0	0	\$0
FACILITIES MANAGEMENT	5	\$643	12	\$39,553	7	\$5,455
FLOOD CONTROL	9	\$1,826	3	\$0	3	\$0
HEALTH CARE DISTRICT	21	\$2,000	30	\$60,482	10	\$2,856
HUMAN RESOURCES	2	\$1,679	0	\$0	1	\$0
HUMAN SERVICES	4	\$2,250	2	\$0	2	\$128
MATERIALS MANAGEMENT	2	\$0	4	\$0	0	\$0
MEDICAL EXAMINER	2	\$625	3	\$140	1	\$2,764
PARKS & RECREATION	3	\$782	3	\$0	3	\$696
PLANNING & DEVELOPMENT	2	\$32,264	2	\$20,656	1	\$0
PUBLIC DEFENDER	12	\$106,295	5	\$0	3	\$0
PUBLIC HEALTH	9	\$272	6	\$1,397	6	\$0
RECORDER	4	\$0	0	\$0	3	\$0
SHERIFF	202	\$1,228,527	467	\$227,185	364	\$98,766
SUPERINTENDENT OF SCHOOLS	3	\$130	3	\$0	2	\$0
TRIAL COURTS	17	\$0	6	\$0	6	\$0
TRANSPORTATION	97	\$187,450	169	\$68,630	84	\$112,614
ALL OTHERS	5	\$0	11	\$0	8	\$0
TOTALS	454	\$3,365,503	761	\$424,546	535	\$223,417

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system.

MEDICAL MALPRACTICE LOSS SUMMARY
FY03-04 TO FY05-06

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ALTCS	0	\$0	0	\$0	2	\$0
CORRECTIONAL HEALTH	20	\$29,047	23	\$85,469	13	\$0
HEALTH CARE DISTRICT	25	\$758,263	22	\$73,640	14	\$23,782
PUBLIC HEALTH	1	\$0.00	2	\$0	0	\$0
TOTALS	46	\$787,310	47	\$159,109	29	\$23,782

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system.

PROPERTY DAMAGE LOSS SUMMARY
FY03-04 TO FY05-06

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	0	\$0	1	\$625	0	\$0
ANIMAL CONTROL	1	\$0	5	\$10,881	9	\$0
ASSESSOR	1	\$0	0	\$0	0	\$0
BUSINESS COMMUNICATION TECH	1	\$316	1	\$13,104	0	\$0
EMERGENCY MANAGEMENT	1	\$0	0	\$0	0	\$0
ENVIROMENTAL SERVICES	3	\$0	5	\$8,556	10	\$10,637
EQUIPMENT SERVICES	0	\$0	0	\$0	3	\$1,744
FACILITIES MANAGEMENT	6	\$3,320	3	\$1,975	1	\$0
FINANCE	0	\$0	0	\$0	1	\$0
FLOOD CONTROL	4	\$0	4	\$0	3	\$0
HEALTH CARE DISTRICT	1	\$99,000	2	\$8,072	2	\$0
HOUSING	5	\$93,022	0	\$0	0	\$0
HUMAN SERVICES	3	\$670	5	\$0	2	\$0
INTERGRATED CRIMINAL JUSTICE	0	\$0	0	\$0	1	\$0
LIBRARY	1	\$5,114	0	\$0	0	\$0
MEDICAL EXAMINER	2	\$1,084	0	\$0	0	\$0
PARKS & RECREATION	8	\$8,282	5	\$24,297	2	\$0
PLANNING & DEVELOPMENT	0	\$0	3	\$0	0	\$0
PUBLIC HEALTH	4	\$3,245	8	\$0	8	\$1,717
SHERIFF	23	\$150,436	28	\$17,905	13	\$20,618
SUPERINTENDENT OF SCHOOLS	0	\$0	0	\$0	1	\$0
TRIAL COURTS	1	\$1,636	3	\$0	1	\$519
TRANSPORTATION	7	\$5,262	5	\$5,711	9	\$29,389
TOTALS	72	\$371,387	78	\$91,126	66	\$64,624

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2006, as reported by the RiskMaster system.

WORKERS' COMPENSATION LOSS SUMMARY
FY03-04 TO FY05-06

Department	FY03-04		FY04-05		FY05-06	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	45	\$76,162	45	\$110,967	35	\$628,681
AIR QUALITY	3	\$29,259	0	\$0	1	\$100
ANIMAL CONTROL	28	\$14,228	42	\$33,419	43	\$121,692
ASSESSOR	5	\$19,209	8	\$33,361	8	\$8,301
CLERK OF SUPERIOR COURT	19	\$26,419	21	\$30,195	17	\$12,250
CORRECTIONAL HEALTH	12	\$11,581	23	\$98,755	12	\$9,725
COUNTY ATTORNEY	20	\$19,717	26	\$65,296	19	\$13,551
ELECTIONS	24	\$39,787	5	\$4,809	1	\$0
ENVIRONMENTAL SERVICES	11	\$28,131	6	\$10,120	22	\$11,890
EQUIPMENT SERVICES	6	\$3,531	9	\$13,314	7	\$22,926
FACILITIES MANAGEMENT	13	\$107,443	15	\$40,438	11	\$14,090
FLOOD CONTROL	14	\$99,562	11	\$137,242	9	\$5,265
GENERAL GOVERNMENT	0	\$0	2	\$11,846	0	\$0
HEALTH CARE DISTRICT	246	\$737,318	229	\$458,442	222	\$374,486
HUMAN SERVICES	27	\$59,448	35	\$75,782	16	\$35,035
JUVENILE PROBATION	41	\$109,238	47	\$74,831	53	\$26,846
MEDICAL EXAMINER	9	\$6,719	8	\$4,913	12	\$12,603
PARKS & RECREATION	6	\$21,785	8	\$19,131	6	\$19,047
PLANNING & DEVELOPMENT	3	\$4,443	3	\$18,879	1	\$426
PUBLIC DEFENDER	9	\$39,421	7	\$6,261	12	\$23,051
PUBLIC HEALTH	17	\$26,344	19	\$87,517	30	\$29,337
SHERIFF	240	\$1,288,642	365	\$990,196	419	\$577,833
SUPERINTENDENT OF SCHOOLS	2	\$29,085	3	\$6,363	0	\$0
TRANSPORTATION	26	\$193,975	45	\$172,723	24	\$44,780
TRIALS COURTS	21	\$46,889	30	\$76,943	32	\$30,575
ALL OTHERS	23	\$17,018	63	\$46,451	62	\$37,652
TOTALS	870	\$3,055,354	1075	\$2,628,194	1074	\$2,060,142

- Notes: 1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY03-04 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2006, as reported by the Pinnacle system.

**UNEMPLOYMENT LOSS SUMMARY
FY03-04 TO FY05-06**

Department	FY03-04	FY04-05	FY05-06
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$51,796	\$31,262	\$11,044
ALTCS	\$13,228	\$7,326	\$235,050
ANIMAL CONTROL	\$16,153	\$6,722	\$16,446
ASSESSOR	\$6,520	\$10,051	\$10,230
CHIEF INFORMATION OFFICE	\$8,200	\$7,420	\$19
CLERK OF THE SUPERIOR COURT	\$36,874	\$32,444	\$22,997
CORRECTIONAL HEALTH	\$51,335	\$25,812	\$5,906
COUNTY ATTORNEY	\$6,134	\$10,393	\$12,474
COUNTY CALL CENTER	\$2,787	\$2,235	\$6,203
ELECTIONS	\$12,774	\$22,854	\$8,495
ENVIRONMENTAL SERVICES	\$18,035	\$23,114	\$19,404
FACILITIES MANAGEMENT	\$18,583	\$27,411	\$15,262
HEALTH CARE DISTRICT	\$234,076	\$216,764	\$97,311
HOUSING	\$6,270	\$6,940	\$2,507
HUMAN SERVICES	\$66,386	\$124,257	\$120,580
JUVENILE PROBATION	\$34,075	\$35,903	\$29,213
LEGAL DEFENDER	\$1,320	\$6,197	\$7,907
LIBRARY	\$6,855	\$367	\$3,120
PUBLIC DEFENDER	\$9,519	\$8,129	\$15,469
PUBLIC HEALTH	\$16,160	\$25,879	\$12,421
PUBLIC FIDUCIARY	\$0	\$4,560	\$7,044
SHERIFF	\$64,525	\$53,402	\$40,311
SOLID WASTE MANAGEMENT	\$462	\$8,880	\$8,299
TRANSPORTATION	\$31,829	\$17,132	\$8,411
TRIAL COURTS	\$51,299	\$35,460	\$33,348
ALL OTHERS	\$36,780	\$25,170	\$26,856
TOTALS	\$801,975	\$776,084	\$776,327

Notes: 1. Dollars paid represents the amount paid for the fiscal year. There are no reserves for unemployment.
2. Amounts as valued on June 30, 2006, as reported by the Advantage Financial System.